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# Evaluation of the Employability Improvement Program



## Purpose

This document summarizes the findings of an evaluation of the three training components of the Employability Improvement Program.

## Background

The Employability Improvement Program (EIP), a client-centred approach established in 1991, represents a consolidation of several programs and services formerly under the Canadian Jobs Strategy and the employment service structure.

The main objective of EIP is to offer a flexible choice of services to improve the employability of clients experiencing difficulties in finding and retaining jobs. The program provides counselling assistance, training and work experience, mobility assistance and related services, and income support.

EIP comprises eight program components. The evaluation looked at three components: Job Opportunities, Project-based Training, and Purchase of Training.

**Job Opportunities (JO)** provides wage reimbursement and financial assistance for training costs to employers who provide on-the-job training and work experience to participants. Participation under JO averages 24 weeks.

**Project-based Training (PBT)** provides integrated classroom and on-the-job training and work experience. Contracts are established with project coordinators who arrange appropriate employment activities which may

include skills training, life skills, job search and/or job placements. During participation, clients may receive UI benefits or a training allowance. Average duration of participation is 24 weeks.

**Purchase of Training (POT)** provides clients with the opportunity to learn new job skills, primarily in a classroom setting. Some clients also receive training in a workplace setting in conjunction with their in-class training. The federal government does not design or deliver institutional training programs. Training opportunities for clients are purchased from the private or public sector directly through government-to-government purchases, CEC purchases largely from provincial governments, or indirectly through local Coordinating Groups or other non-government partners. Eligible training is designed to meet the needs of the local labour market and clients' interests and aptitudes. Participants may receive either UI or a training allowance. Average training duration under this component is 15 weeks.

## Methodology

The evaluation addressed the issue of program success by examining, under the following dimensions, the incremental post-program labour market experience of participants:

- weeks working;
- earnings;
- weeks on UI; and
- weeks on social assistance.



Incremental impacts refer to clients' actual experiences in the labour market after training, compared to what they would have experienced without training. Using a quasi-experimental design, a comparison group of non-participants provided estimates of what would have happened without training. The comparison group comprised persons in the labour force who were eligible for EIP. Econometric and statistical analyses were used to assess the incremental impacts of the three training components.

Data were obtained from four sources:

- a survey of 6,756 clients who participated in EIP between July 1991 and January 1994;
- a survey of 5,313 non-participants;
- HRDC administrative data; and
- Revenue Canada tax data.

## Key Findings

### Targeting and Profile of Participants

The program was well targeted on its intended client groups. Participants typically had experienced difficulties finding and maintaining jobs. The following provides a brief socio-demographic sketch of clients at the time they started training, along with a short overview of their labour market experiences in the two-year period prior to entering the program.

Job Opportunities (JO) clients were, on average, 34 years old, high school graduates, and more likely to be male, unmarried, and renting their place of residence. Project-based Training (PBT) participants were very similar to JO clients in most respects, but they were more likely to be female.

Purchase of Training (POT) participants were older: 38 years of age on average, and far less likely than other clients to be under 25. POT clients, like JO participants, were more likely to be male, but were much more likely than either of the other groups to own their own

home. They were equally likely to have completed high school but were more likely to have a trade or professional certificate.

Participants in all three program components had experienced labour market difficulties before becoming EIP clients. For example, only 14 percent of JO clients, 11 percent of PBT clients, and 29 percent of POT clients were employed during the week before they entered the program. Moreover, JO clients spent an average of 41 weeks unemployed in the two-year period before training; PBT and POT clients spent 43 weeks and 24 weeks respectively in the same situation. Between 55 percent and 65 percent of all EIP trainees had collected UI at some time in the two years before entering the program.

The pre-training jobs held by JO and PBT clients were typically lower paid and less highly skilled than those held by POT participants. Between 1987 and 1991, JO and PBT trainees earned on average about \$9,000 a year, compared with \$13,000 for POT clients.

### Delivery

Clients were generally satisfied with the quality of training. They were asked to rate the quality of instruction, supervision, and equipment, as well as the amount of time spent with an instructor. On a seven point scale, from 75 to 86 percent of EIP participants assigned a 5, 6, or 7 point rating to each of these categories.

For many EIP clients, counselling is an important first step in entering training. About 44 percent of participants reported receiving counselling from CECs to help them set career goals, conduct job searches, identify jobs in demand, and match their needs with a training program. For many other clients, counselling was provided by parties other than a CEC. Clients assessed CEC counselling less favourably than they did their training. Ratings of counselling success varied around the mid-point of the 7 point scale. Those who rated their counselling as less successful cited "lack of follow-up", and "counsellor did not consider their needs" as the two main reasons.

## Labour Market Outcomes

### (i) Weeks Working

All three program components had a positive impact on employability, particularly for those who were unemployed just prior to entering the program. JO participants who were unemployed just prior to the program experienced a 17.1 week gain in weeks worked, compared to 14.4 weeks for PBT clients and 15.9 weeks for POT participants. When looking at all participants, those in JO enjoyed the largest increase in additional weeks working annually at 12.7 weeks, compared with 12.1 for those in POT and 10.8 for PBT clients.

### (ii) Annual Earnings

EIP had a substantial impact on annual earnings due to increases in weeks worked. Earnings gains ranged from about \$3,800 for PBT participants to nearly \$5,200 for POT participants. Those unemployed just prior to the program gained even more. Unemployed JO clients earned an additional \$6,500, while PBT and POT participants earned an additional \$5,200 and \$6,850 respectively.

### (iii) Weeks on UI and Social Assistance

Reductions in UI and social assistance benefits after training are noteworthy, although they are smaller than gains in weeks employed. Unemployed PBT and POT participants received 7.4 and 5.1 fewer weeks of UI; the comparable figures for the employed were 3.2 and 2.6. JO clients did not experience a reduction in the number of weeks on UI. Unemployed participants also received fewer weeks of social assistance: 3.7 fewer for JO, 2.7 for PBT, and 2.2 for POT.

### (iv) Effectiveness for Client Groups

As summarized below, EIP had a positive impact on several groups which typically experience labour market difficulty. Gains

refer to incremental weeks worked as a result of the program.

- *Gender:* Females had outcomes similar to those for males under JO and PBT, but had larger gains under POT.
- *Age:* Youth benefitted least while older workers benefitted most, especially in PBT and POT.
- *Education:* High school graduates benefitted the most in all three program components. However, participants with less than a high school diploma still managed substantial gains.
- *Visible Minorities and Disabled:* Clients identifying themselves as members of a visible minority had larger than average gains regardless of program component. Disabled persons also showed large gains, especially in JO and PBT.
- *UI Recipients and Non-UI Recipients:* UI recipients and non-UI recipients showed notable gains. PBT was more effective for UI recipients, while POT was more effective for non-UI recipients. UI recipients also received far fewer weeks of UI benefits after the program than they would have otherwise. The reduction in UI usage was much smaller for the non-UI group. Non-UI recipients received fewer weeks of social assistance while UI recipients showed little or no decrease in time on social assistance.
- *SARs:* SARs experienced considerable gains and received substantially fewer weeks of social assistance after the program than did the average EIP participant. The reduction in social assistance dependency for POT participants who were SARs was offset somewhat by an increase in weeks on UI.

## Conclusions

EIP training produced significant labour market benefits for participants, particularly for those who were unemployed just prior to entering the program.

EIP participants experienced substantial increases in annual earnings due to increased weeks worked after the program. In addition, all three components of EIP decreased reliance on the social safety net.

EIP was effective for all client groups including workers who were older, less educated, previously unemployed, non-UI recipients, and members of equity groups. In many cases, their incremental gains were higher than those of EIP participants overall.

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